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C O N F I D E N T I A L SECTION 01 OF 02 MONTERREY 000344

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SUBJECT: SAN PEDRO MAYOR-ELECT PLANS HARDHITTING CAMPAIGN TO IMPROVE SECURITY

MONTERREY 00000344 001.2 OF 002

CLASSIFIED BY: Bruce Williamson, Principal Officer, Consul General Monterrey, State.

REASON: 1.4 (b), (d)

11. (C) Summary. In a September meeting with the Mayor-elect of San Pedro, Nuevo Leon (the city with the highest per-capita income in Mexico), this incoming municipal chief executive provided us with a pessimistic assessment of the degree of narco infiltration into the Monterrey area's political leadership and set forth his aggressive plan to counter such influence in his jurisdiction. Inter alia, Mayor-elect Mauricio Fernandez (a former federal Senator) stated that during his campaign organized crime had offered him a 50 million peso campaign donation, which he did not accept, although he assumed that many of the other mayoral candidates in neighboring cities had taken the money. Subsequent to his victory in the July 5 voting, the trafficking cartels had contacted him and other area Mayors-elect to make clear to them what these officials would and would not be permitted to do in the field of public security. End Summary.

12. (C) On September 11, Consul General and RSO met with San Pedro Mayor-elect Mauricio Fernandez (PAN), at the latter's request. San Pedro, Nuevo Leon is the home to many of the area's elite "Group of 10" industrial heavyweights, and is the city with the highest per capita income in Mexico. Per Fernandez (and other analysts too), until 2005 narco-capo Arturo Beltran Leyva resided in the city and to this day cartel family members continue to live in the municipality under assumed names. All of the Consulate's direct-hire American employees, and several of the higher-ranking FSNs, live in San Pedro as well.

13. (C) During the course of the hour-long conversation, Fernandez made the following points:

--- While there is public concern about the influence of the cartels, civil society is in general unaware of the degree to which the cartels have infiltrated key state and municipal institutions. All of the region's police forces are controlled by organized crime. In the case of San Pedro, the ABL cartel called the shots although a 15-person advance squad from la Familia was present in the city and trying to gain a foothold among the police force. (Separately, the former San Pedro Secretary of Public Security reports that La Familia has been engaged in such efforts intermittently since 2006.) As for the other police forces in the area, the Gulf Cartel was the true master. In general, and as was the case in San Pedro, the cartels did not attempt to bribe the municipal secretaries of

public security, but bought off the number two and number three level officials on the force. Note: The mid-September detention by state law enforcement authorities of the Municipal Secretary for Public Security of Santiago (a Monterrey suburb) would represent an exception to this rule. End Note.

--- Notwithstanding the desire of the ABL cartel to keep San Pedro a safe haven for family members, the cartel sponsored kidnappings and extorted businesses within the city. All restaurants paid protection money, ranging up to 50,000, and even 100,000, pesos per month. As for kidnappings, he said, the week prior three individuals had been abducted.

--- Organized crime had offered all local mayoral candidates campaign monies. He himself was offered the grandiose sum of 50 million 'even though San Pedro was not a trafficking plaza and the city had only one casino.' Although Fernandez, already a wealthy man, did not take the money, he assumed that others were offered more and had taken the cash. He thought that the incoming Mayor of Monterrey, former PAN Federal Deputy Fernando Larrazabal, would have had no choice but to accept the money given the pressure from the cartels. In any event, organized crime contacted all of the victorious mayoral candidates after the election to make clear to them the rules of the road.

--- After an unsuccessful kidnap attempt against his daughter, Fernandez had moved his immediate family out of the country.

--- San Pedro's vaunted C-4 (communication, coordination, and control center) had been corrupted by the mob. Cameras only covered one of the 24 roads leading into the city, seven of the city's secure radios had disappeared (thus compromising the network), patrol officers had learned how to disconnect the GPS devices in their vehicles. Seventy-two San Pedro police officers were dirty, he said, of which 32 had already been relieved; he had plans to the works to dismiss the remaining 40.

Note: separate sources report that, based on 2006 polygraph tests, a full one-fifth of the San Pedro police force had committed crimes or taken bribes from the cartels. Despite having had access to this information for three years, the current Mayor had made no effort to dismiss these officers and it was estimated that the percentage of narco-cops on the force was now even higher. End note.

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14. (C) Fernandez stated that he had recently met with high-level officials such as Jorge Tello Peon, President Calderon's Deputy National Security Advisor (and a part-time Monterrey resident); General Luis Moreno Serrano, the Army's top general in Nuevo Leon, Tamaulipas, and San Luis Potosi; and Javier Trevino Cantu, the transition chief for the Nuevo Leon Governor elect. The consensus was, he continued, was that working together, PRI Governor elect Rodrigo Medina and other elected officials in the area had approximately a year in which to reverse the situation; otherwise, it would be difficult to reclaim lost ground. He envisioned a working partnership between the military, the PGR, the state, and San Pedro, noting that the region's other municipalities were too far gone to join the fight. (An inter-city anti-drug strike force contemplated by various other incoming mayors will likely end up being too corrupted to do much good.)

15. (C) Specifically, Fernandez outlined the following program, part of which he had already started to implement, to safeguard San Pedro. First, he would work with the private sector to establish dedicated taxi companies for the city so that residents would have confidence in the reliability of public transport. Second, he would support those neighborhoods which wished to restrict public access to vehicular and foot traffic. In addition, the city would seek to regulate real estate rental contracts to prevent gangsters from occupying houses in residential neighborhoods. Note: Others close to Fernandez are advocating that individual neighborhoods contribute to pension plans that would help officers assigned to their district when they retire. End Note.

16. (C) Third, Fernandez noted his prior announcement that retired Army General Miguel Gonzalo Adalid Mier, who previously held a variety of security-related positions in Mexico, would

serve as his municipal Secretary of Public Security. In the past, Adalid Mier has served as state Security Secretary in Michoacan, Chief of Staff of the PFP, and Secretary (and prior to that Under Secretary) for Public Security in Mexico's Federal District. Fernandez stated that Alier would serve as the public face of his security team, a figure whose presence and career experience would generate increased citizen confidence. Adalid Mier's deputy, another Army veteran, would head a team of experts designed to gather information on the activities and whereabouts of cartel elements. This intelligence would then be turned over to a 13-15 member reaction squad, which would be directed by the Mayor but not officially appear on the city's payroll. CG noted the difficulties that Colombia had experienced with private entities engaging in law enforcement activities, pointing out, in particular, that such groups, once constituted, are prone to abuses themselves. Fernandez said that the information-gathering unit had already identified the new ABL plaza boss for the city and that the reaction squad had already been partially established and had undertaken a few tasks.

17. (C) Fernandez said that he had met with the Group of Ten in an effort to pay for equipment/salaries for the intel and the reaction squad. He still needed US\$1.4 million for the intel unit and US\$500,000 for the reaction unit. In the end, he felt that business contributions would fund the entire program as well-heeled companies would prefer to pony up to make the city safe than to pay protection money to the cartels. In follow-up meetings between post RSO officials and General Adalid Mier, however, the latter inquired about the possibility of Merida Initiative funding for vetting, training and equipment.

18. (C) Comment. During the mayoral campaign, charges were raised that, if elected, Fernandez would seek to "negotiate" security with the ABL cartel. Based upon our conversation with him, it looks as if he has gone in the other direction: removing his family from the country, formulating a plan to concentrate security decision-making in the mayor's office, and reaching out to the powerful local business community for support. He admits, however, that even if he is successful, his recipe is one that likely could not be duplicated by other Mexican municipalities. Few cities have such powerful corporate benefactors and, even more importantly, while the ABL cartel might not take kindly to a smaller presence in the city, a safer San Pedro would prevent rival cartels (read la Familia) from moving in and would help protect those ABL family members residing in the city.

WILLIAMSON